

Idaho Legislative Audits
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Department of Juvenile Corrections

Management Report on Internal Control

Issued: April 3, 2006
Fiscal Year: 2003, 2004, and 2005



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

DEPARTMENT OF JUVENILE CORRECTIONS

PURPOSE AND SCOPE. In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of the Department of Juvenile Corrections's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Department's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

CONCLUSION. We noted no matters involving the internal control over the Department's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations, nor were there any findings and recommendations in the prior report.

AGENCY RESPONSE. The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The Department's fiscal year 2005 funding was from a \$33 million General Fund appropriation, \$3.8 million in federal funds, \$4.6 million from cigarette/tobacco taxes, and \$1.3 million from endowment and miscellaneous funds. Disbursements for fiscal year 2005 included \$16.5 million for personnel, \$4.1 million for other operating and capital outlay costs, and \$22.3 million for trustee and benefit payments to counties, cities, and contract providers for local juvenile programs. Although an opinion is not given on the financial data presented in this report, one is given on all State funds in the statewide *Comprehensive Annual Financial Report* that includes the financial data presented here.

DEPARTMENT OF JUVENILE CORRECTIONS – FINANCIAL SUMMARY

FISCAL YEAR 2003

<u>Fund</u>	<u>Beginning Free Fund Cash/ Appropriation Balance</u>	<u>Beginning Encumbrances</u>	<u>Revenues/ Transfers-In</u>	<u>Expenditures/ Transfers-Out</u>	<u>Ending Encumbrances</u>	<u>Ending Free Fund Cash/ Appropriation Balance</u>
General	\$30,322,894	\$2,500	\$985	\$29,780,053	\$6,262	\$540,064
Juvenile Corrections Fund	118,608	0	106,473	61,083	0	163,998
Cigarette/Tobacco Tax	1,125,007	0	4,646,083	4,550,000	0	1,221,090
Federal	3,070,748	0	4,885,007	4,780,838	12,505	3,162,412
Miscellaneous Revenue	686,435	6,975	1,076,044	1,336,011	45,043	388,400
Endowment Earnings	281,908	46,475	1,087,564	1,158,391	0	257,556
Victim Restitution Fund	982	0	99	0	0	1,081
Custodial Funds	0	0	10,952	1,479	0	9,473
	<u>\$35,606,582</u>	<u>\$55,950</u>	<u>\$11,813,207</u>	<u>\$41,667,855</u>	<u>\$63,810</u>	<u>\$5,744,074</u>

FISCAL YEAR 2004

<u>Fund</u>	<u>Beginning Free Fund Cash/ Appropriation Balance</u>	<u>Beginning Encumbrances</u>	<u>Revenues/ Transfers-In</u>	<u>Expenditures/ Transfers-Out</u>	<u>Ending Encumbrances</u>	<u>Ending Free Fund Cash/ Appropriation Balance</u>
General	\$31,853,606	\$6,262	\$0	\$31,743,388	\$105,304	\$11,176
Juvenile Corrections Fund	163,998	0	89,416	43,310	0	210,104
Cigarette/Tobacco Tax	1,221,090	0	4,644,222	4,550,000	0	1,315,312
Federal	3,162,412	12,505	3,635,439	4,622,351	0	2,188,005
Miscellaneous Revenue	388,400	45,043	905,320	1,014,727	84	323,952
Endowment Earnings	257,556	0	920,168	1,044,967	1,170	131,587
Victim Restitution Fund	1,081	0	0	0	0	1,081
Custodial Funds	9,473	0	20,045	13,709	0	15,809
	<u>\$37,057,616</u>	<u>\$63,810</u>	<u>\$10,214,610</u>	<u>\$43,032,452</u>	<u>\$106,558</u>	<u>\$4,197,026</u>

FISCAL YEAR 2005

<u>Fund</u>	<u>Beginning Free Fund Cash/ Appropriation Balance</u>	<u>Beginning Encumbrances</u>	<u>Revenues/ Transfers-In</u>	<u>Expenditures/ Transfers-Out</u>	<u>Ending Encumbrances</u>	<u>Ending Free Fund Cash/ Appropriation Balance</u>
General	\$32,799,700	\$105,304	\$0	\$32,709,666	\$86,878	\$108,460 *
Juvenile Corrections Fund	210,104	0	112,311	44,609	0	277,806
Cigarette/Tobacco Tax	1,315,312	0	4,620,414	4,550,000	0	1,385,726
Federal	2,188,005	0	3,763,342	4,494,313	1,493	1,455,541
Miscellaneous Revenue	323,952	84	865,559	611,227	4,762	573,606
Endowment Earnings	131,587	1,170	379,181	510,989	0	949
Victim Restitution Fund	1,081	0	10	0	0	1,091
Custodial Funds	15,809	0	11,649	10,971	0	16,487
	<u>\$36,985,550</u>	<u>\$106,558</u>	<u>\$9,752,466</u>	<u>\$42,931,775</u>	<u>\$93,133</u>	<u>\$3,819,666</u>

*Of the amount of the General Fund cash balance at the end of FY 05, \$105,272 was reappropriated, and \$3,188 was reverted to the State General Fund.

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Department of Juvenile Corrections and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Brent Reinke, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits

Eugene Sparks, CPA, CGFM, Managing Auditor

Report IC28505

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.